

News Release



Controller of the State of California - Kathleen Connell

**300 Capitol Mall, Suite 1850
Sacramento, California 95814**

Contact: Byron Tucker -- 310-342-5678

FOR IMMEDIATE RELEASE

CONNELL FTB REFINANCING ACTION SAVES TAXPAYERS \$5.8 MILLION

Controller Calls Loan Repayment "Common Sense Approach to Governing"

SACRAMENTO, May 4, 1998 -- Today, State Controller Kathleen Connell convened a special meeting of the Franchise Tax Board (FTB) to authorize the refinancing of \$20.5 million in lease revenue bonds due on a loan to finance the acquisition and construction of FTB office facilities in Sacramento.

"Today's action mirrors the activity that thousands of taxpayers have already taken during California's economic golden days," said Connell, who also Chairs the FTB. "California is experiencing a historic 25-year low in bond interest rates and we felt that now was the opportune time to cash in on the savings."

The new lease revenue refunding bonds will be used to lower the debt service on an FTB building project financed by Series A lease revenue bonds issued in 1991. The average interest rate on the old bonds issue were 6.26%. Today's authorization will payoff high-interest maturities and replace them with bonds bearing an interest rate of only 4.7%. For the 1991 bonds being refinanced, remaining debt service was projected to cost taxpayers nearly \$33.5 million. The new bond issue, scheduled for May 7, will reduce repayment costs to only \$27.7 million -- resulting in a savings of \$5.8 million over the next 14 years.

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FTB Bond Refinancing/2-2-2

"We think today's action will resonate well with taxpayers who can clearly relate to savings that can be achieved by prudent refinancing," said Connell. "Households and businesses throughout California have taken advantage of the state's current economic prosperity. There is no reason why government should not also share in that wealth."

The refinancing is for the FTB's Central Office Project - Phase II, located in Sacramento. Controller Connell called a special teleconference Board meeting to ensure that the FTB was included in a large multi-refinancing package arranged by the Treasurer's Office. The final transaction is scheduled to take place on May 7.

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